Public Policy to Tackle Covid-19: Recommendations for Latin America and the Caribbean
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Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
www.iadb.org
Public Policy to Tackle Covid-19

Recommendations for Latin America and the Caribbean
Public Policy to Tackle COVID-19: Recommendations for Latin America and the Caribbean

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The COVID-19 pandemic has taken the world by surprise and without the capacity to provide an effective response—with shortages in medical equipment to respond to the wave of sick people, lacking effective medication for their cure, and without a vaccine to prevent further contagion. Epidemiological models suggest that, in the absence of interventions to slow the rate of infection, the number of deaths directly attributable to the pandemic in the Latin American and Caribbean (LAC) region could reach 3.2 million. Given the limitations of their health systems, countries have sought to slow the contagion, initially by closing borders and thereafter shutting down entire economies, measures that entail enormous economic and social costs.

The aim of this document is to examine the public policy options available to LAC countries and provide inputs for discussion by their governments. It focuses on the public policy challenges of managing the health and economic crises of the first two stages of the pandemic: (1) the health emergency and general confinement of the population and (2) the transition toward partial restrictions and a gradual restarting of economic activities. It does not address the third stage: economic recovery once the pandemic has been controlled. Specifically, the paper (1) discusses the important policy tensions or trade-offs that governments are attempting to reconcile; (2) describes the limits and restrictions they face in responding to the health and economic crises and how they vary among LAC countries; and (3) recommends measures and interventions and their sequencing over time.

Effects of the Pandemic

The pandemic is causing two parallel crises. The first is a health crisis: there are expected to be hundreds of thousands of deaths from the direct effects of the disease. The second is an economic crisis: the pandemic and the healthcare responses to mitigate it have initially caused a negative shock to aggregate supply and thereafter to aggregate demand. This effect comes on top of a financial crisis that makes matters worse for the LAC region. The fact that the health and economic impacts of the pandemic are closely linked makes it critical to coordinate economic and health policies.

Faced with this situation, governments across the globe, including those in the LAC region, are juggling various objectives:

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2 The figure of 3.2 million comes from Walker et al. (2020), “The Global Impact of COVID-19 and Strategies for Mitigation and Suppression.” WHO Collaborating Centre for Infectious Disease Modelling, MRC Centre for Global Infectious Disease Analysis, Abdul Latif Jameel Institute for Disease and Emergency Analytics, Imperial College London. The speed of spread of the infection significantly affects the number of deaths. Simulations also indicate that reducing the average number of people to which an infected person transmits the virus can dramatically reduce the number of deaths because this flattens the curve of infection.

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- Save lives.
- Protect the people with the least capacity to sustain a loss of income.
- Compensate the workers or businesses that have been most affected by the economic contraction.
- Reduce the systemic economic risks and possible long-term economic effects of the pandemic.

LAC governments face three critical challenges in meeting these objectives. First, in some cases objectives could be in conflict with each other—achieving one objective might result in high costs in another dimension. Second, all LAC countries—some more than others—face significant constraints in terms of access to finance, the capacity of their healthcare systems, and in their institutional context. As a result, countries have limited public policy options for responding to the pandemic. The third challenge that LAC countries face is sequencing—that is, in what order should the various actions be executed, and when should a country transition from one phase to another?

Tensions between the Challenges

**Tension 1: Tension between the health and economic dimensions of the crisis.** In the short term, the most effective way to tackle the health crisis and avoid an uncontrolled pandemic and a high number of deaths is by resorting to a general lockdown of the population. However, general lockdowns are costly in terms of unemployment, declines in salaries, and increased poverty.

**Tension 2: Who should be protected or compensated?** The resources needed to protect or compensate the sectors affected by the health and economic crises easily surpass the current fiscal resources available in LAC countries. Governments must therefore prioritize in allocating resources. Making transfers to one affected sector will reduce the resources available for others. All decisions should be clear about these tradeoffs, which manifest themselves in many ways:

1. The pandemic will have dramatic effects on the income of many households. Some of them were already poor before the crisis and have minimal assets. For them, any loss of income, however modest, might put their very survival at risk. Other households were part of an emerging but still vulnerable middle class. Proportionally, some of these may have experienced the steepest decline in their incomes. How should one strike the right balance between policies that seek to protect the poorest households and those that aim to assist households whose incomes have plummeted?

2. The economic contraction will hit some sectors particularly hard—restaurants, hotels, trade, and transport, among others. Does a policy that focuses primarily on these sectors make sense, knowing that many workers in other sectors are also going to suffer the effects of the crisis?

3. The contraction in credit caused by the crisis implies that productive and profitable businesses cannot obtain short-term loans. These loans would enable these businesses to survive without having to lay off their workers. It could be argued that public policy should protect these businesses to avoid the effects that company closures or layoffs would have on formal employment in the short term, and on growth over the long term. Should these businesses be protected with lines of credit or guarantees, knowing that their owners and workers are substantially better-off than the average person in the country?

This paper offers some recommendations about how to best resolve these tradeoffs and discusses how the appropriate responses might differ from one country to another, depending on their economic and health conditions.
It is essential to be pragmatic, flexible and to ensure that the perfect does not become the enemy of the good.
The Starting Point:
Weak Fiscal Situation, Shortcomings in the Health System, and a High Degree of Heterogeneity among LAC Countries

Fiscal Situation

The LAC region is in a much worse fiscal situation for tackling this crisis than it was at the time of the 2008–09 recession. This means that no country in the region can afford the increases in spending that are being carried out in the world’s richest countries. The trade-offs the region faces are extremely serious.

The numbers speak for themselves. In 2008, the average fiscal deficit in the region was -0.4 percent of gross domestic product (GDP), whereas in 2019 it was -3 percent. Public debt represented 40 percent of GDP in 2008, but in 2019 it was 62 percent. In 2009, the region was able to respond to the international crisis with an average fiscal expansion of 3 percent of GDP—estimated as the change in the primary deficit between 2008 and 2009. However, there was wide heterogeneity, and the capacity to respond was largely a function of initial debt levels. Chile, for example, with public debt below 5 percent of GDP, was able to support a fiscal expansion of more than 8 percent of GDP, whereas Jamaica, with a public debt of nearly 130 percent of GDP, had to undergo fiscal retrenchment (Figure 1).

Given the current debt levels, and taking into account the relationship between the level of debt and the fiscal expansion indicated above, the response capacity today would be, on average, approximately half, or 1.5 percent of GDP. However, as in 2009, some countries now have much greater capacity for fiscal expansion than others. As seen in Table 1, some have substantially higher levels of public debt as a proportion of GDP than others, and their borrowing costs in international financial markets are much higher. Countries with low levels of debt—around 25 percent of GDP—include Chile, Guatemala, Paraguay, and Peru; a large group of countries has intermediate levels of debt, between 40 and 60 percent; and countries with very high debt levels, above 90 percent, include some of the region’s largest economies (Argentina and Brazil), some Caribbean countries (Jamaica and Barbados), and Venezuela.

4 It is useful to contrast this with the scale of the measures being taken in higher-income countries. For example, the first package of fiscal measures in the United States implies an increase in public debt of approximately 10 percent of GDP.
Figura 1. Níveis iniciais de endividamento e expansão fiscal (2009)

**Table 1. Public Debt and EMBI, Latin America and the Caribbean**

<table>
<thead>
<tr>
<th></th>
<th>EMBI</th>
<th>Public debt (% GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 1, 2020</td>
<td>March 26, 2020</td>
</tr>
<tr>
<td><strong>EMBI GLOBAL</strong></td>
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<td>577</td>
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<td>346</td>
<td>706</td>
</tr>
<tr>
<td><strong>ARGENTINA</strong></td>
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<td>4.246</td>
</tr>
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</tr>
<tr>
<td><strong>BARBADOS</strong></td>
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</tr>
<tr>
<td><strong>BELIZE</strong></td>
<td>869</td>
<td>1.065</td>
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<td><strong>BOLIVIA</strong></td>
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<td></td>
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<td><strong>COLOMBIA</strong></td>
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<td><strong>COSTA RICA</strong></td>
<td>402</td>
<td>808</td>
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<tr>
<td><strong>DOMINICAN REPUBLIC</strong></td>
<td>394</td>
<td>902</td>
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<td><strong>ECUADOR</strong></td>
<td>826</td>
<td>5.239</td>
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<tr>
<td><strong>EL SALVADOR</strong></td>
<td>215</td>
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<td><strong>GUATEMALA</strong></td>
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<td><strong>GUYANA</strong></td>
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<td></td>
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<tr>
<td><strong>HAITI</strong></td>
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<td>316</td>
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<tr>
<td><strong>VENZUELA</strong></td>
<td>14.740</td>
<td>15.599</td>
</tr>
</tbody>
</table>

**Sources:** World Economic Outlook (IMF), and Bloomberg.
Using data from the Emerging Markets Bond Index (EMBI), available for many countries, Table 1 shows that, as in the international crisis of 2008–09, there has been a flight to quality in the financial markets. This has meant that, on average, the cost of borrowing for LAC countries doubled between the beginning of January and the end of March. Today, the region pays on average more than 700 basis points for external credit. However, there is considerable variation among the region’s countries in this respect. Some can still access international markets at higher but “reasonable” rates (Brazil, Chile, Colombia, Panama and Peru), while for others, the costs are so high that this is no longer a realistic option (Argentina, Ecuador, Belize, Costa Rica, El Salvador, and Venezuela). In summary, countries such as Chile and Peru have more fiscal space to address the crisis than others such as Argentina, Ecuador, or Costa Rica.

Given the greater fiscal constraints, there are a series of guiding principles that are designed to ensure that the measures taken in the fight against COVID-19 do not have a ruinous effect on public finances, although a certain amount of deterioration is inevitable. This is important to ensure that the response to the crisis does not put fiscal and macroeconomic sustainability at risk. These principles are embodied in the following recommendations:

- The focus must be placed on containment/mitigation of the pandemic—the time for growth will come afterwards—and action must be taken immediately: the sick cannot wait, nor can the poor and informal workers.
- The pandemic has caused a crisis of demand (for fear of using services that demand physical interaction with strangers) and in workforce availability (for fear of the risks of infection on public transportation and in the workplace). It is essential for economic recovery that fiscal expenditures prioritize health measures that can reliably reduce the risks of infection, which in turn are hampering economic activity.
- Policies must be designed so that the increase in expenditures is temporary.
- Policies must preferably aim to provide liquidity (credit), rather than make expenditures (inter-temporal transfers instead of extensions).
- To the extent possible, items in the budget should be reallocated to rein in aggregate expenditure.
- It is important to undertake, as far as possible, credible reforms that enhance the efficiency of expenditure and/or taxation and expand fiscal space over the medium term, to compensate for the increased expenditure caused by the COVID-19 crisis. Furthermore, these types of reforms should send a strong signal to investors that the increases in spending are temporary and manageable, thereby preventing even greater capital flows out of the region and a sharper increase in the cost of borrowing.
- The measures taken today are crucial for determining what kind of economy awaits us at the end of the crisis.

Health System

The COVID-19 mortality rate depends on the capacity of health systems to care for those infected. However, the LAC region has a serious deficit in hospital beds, including those in intensive care units (ICUs), and medical personnel (doctors, nurses, and others). In OECD countries, there are 3.5 doctors and 9.8 nurses per 1,000 inhabitants, whereas the comparable figures for LAC countries are 1.8 doctors and 4.4 nurses.\(^5\)

Here, too, the situation varies substantially across countries in the region: Argentina and Uruguay are close to the OECD averages, while in Bolivia and Guyana, the number of doctors is less than 1 per 1,000 inhabitants. Peru currently has 1,993 ICU beds, which is the equivalent of 5.8 per 100,000 inhabitants, whereas Honduras has 37 ICU beds, equivalent to 0.4 per

\(^5\) Italy and Spain, two of the countries most affected by the crisis up until now, have more than 4 doctors per 1,000 inhabitants.
100,000 inhabitants. In Italy, with 12.5 ICU beds per 100,000 inhabitants, in some particularly affected zones, the health system was incapable of responding to the number of critical cases it faced.

In summary, wealthier countries in the region have much higher capacity in their health systems—and greater capacity to respond to the health crisis—than do poorer countries. Nonetheless, all indications are that, even in LAC countries whose health systems have greater capacity to respond, the increase in demand for ICU beds will overwhelm capacity.

Institutional Context

There are wide disparities among the region’s countries in terms of their institutional context. First, some countries have greater administrative capacity and a wider social safety network for vulnerable people. These differences affect the capacity to both scale up procurement of medical equipment and target transfers, with significant implications for the viability of different policy instruments. Second, countries differ in their capacity to communicate credible messages regarding the evolution of the pandemic, the risks, and the efficacy of the various measures taken to combat it. The more credible the public information campaign, the faster the economic recovery will be. Consumers will once more demand services that require personal interactions, and workers will return to their workplaces.

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6 In part, this “advantage” is reduced or reverted because, in general, the richest countries also have higher proportions of persons aged 65 or over, and the effects of the pandemic are substantially worse among this age group.
All epidemiological studies indicate that with current infection and mortality rates, a less rigorous measure than strict confinement would cause the virus to spread rapidly and could cause an unprecedented wave of deaths.
The economic response to the crisis has two objectives: (1) to provide a minimum income floor for all households; and (2) prepare fiscal, financial, and monetary responses to protect workers and businesses and minimize potential systemic effects on the economy.
Priorities and their Sequencing

This section describes options of high-priority intervention and their sequencing, in response to both the health and economic crises. It is worth mentioning that, as seen in Table 2, countries in the region are already implementing policies to stop the spread of the pandemic, protect vulnerable populations, and mitigate the systemic effects of the crisis.

A. Responding to the Health Crisis

Figures 2 and 3 reveal that the number of cases of infection and deaths is accelerating in the LAC region and exhibits similar patterns to those seen in other countries outside of the region. Table 3 provides country-by-country details. The application of mass testing in the world has been insufficient to quantify the COVID-19 mortality rate with any certainty. Many deaths go unreported and many infected people are asymptomatic. All agree, nonetheless, that the virus is highly contagious and that, in the absence of confinement measures or social distancing, every infected person infects at least two more people.

Given the absence of immunity in the population, health sector capacity will be overwhelmed if the rates of contagion are not controlled. Predictions from epidemiological models change almost daily, but according to models that have been applied in the LAC region, the total number of individuals requiring hospitalization could reach 200 million and those that need intensive care 50 million, dramatically surpassing the capacities of all the region’s countries. Therefore, for all countries, irrespective of their current situation (number of people infected, resources available, and institutional context), three actions are recommended to tackle the health crisis.

1. Control the high rates of infection by enforcing strict confinement: All the epidemiological studies indicate that, at this time and with the available knowledge regarding infection and mortality rates, any measure less rigorous than total lockdown would provoke a rapid propagation of the virus and could result in an unprecedented wave of deaths. With the gradual application of mass testing, citizens and their governments will be able to better understand the risks that are being avoided through strict confinement policies, in order to thereafter make the transition to partial confinements. It is notable that, in the case of Peru, which has one of the strictest confinement regimes in the region—and one that is also accompanied by a serious effort to explain its necessity—these measures have, in the first weeks of implementation, gained widespread backing.

Figure 2: Number of Reported COVID-19 Cases

Sources: European Centre for Disease Prevention and Control and Johns Hopkins Coronavirus Resource Center (for the data from Hubei, China).

Notes: The figure is based on reported COVID-19 cases as of April 23, 2020. There are significant differences in the capacity to carry out testing to confirm cases, both over time within countries and between countries, making comparisons difficult between countries and over time. The figure presents the logarithmic transformation of the number of cases for each country. The dotted lines in each region indicate the growth rate of reported cases, where cases double every two days or every week.
Figure 3: Number of Reported COVID-19 Deaths

SOUTH AMERICA

<table>
<thead>
<tr>
<th>Country</th>
<th>Deaths Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Doubles every two days</td>
</tr>
<tr>
<td>Brazil</td>
<td>Doubles every week</td>
</tr>
<tr>
<td>Ecuador</td>
<td></td>
</tr>
</tbody>
</table>

CENTRAL AMERICA

<table>
<thead>
<tr>
<th>Country</th>
<th>Deaths Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>Doubles every two days</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Doubles every week</td>
</tr>
<tr>
<td>Honduras</td>
<td></td>
</tr>
<tr>
<td>Panama</td>
<td></td>
</tr>
</tbody>
</table>

Sources: European Centre for Disease Prevention and Control and Johns Hopkins Coronavirus Resource Center (for the data from Hubei, China).

Notes: The figure is based on reported COVID−19 deaths as of April 23, 2020. The dotted lines in each region indicate the growth rate of reported deaths, where deaths double every two days or every week.
### Table 3: Number of Reported Cases and Deaths, by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Cases reported</th>
<th>Deaths reported</th>
<th>Population (in millions)</th>
<th>Cases per million habitants</th>
<th>Deaths per million habitants</th>
<th>Fatality rate</th>
<th>Percent of population over 60 years old</th>
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<tr>
<td>United States</td>
<td>842,629</td>
<td>46,784</td>
<td>331,05</td>
<td>2.545</td>
<td>141.3</td>
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<td>22,4</td>
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<td>208,389</td>
<td>21,717</td>
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<td>4.446</td>
<td>463,4</td>
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<td>60,23</td>
<td>3.110</td>
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<td>18,100</td>
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<td>1.985</td>
<td>269,1</td>
<td>13,6</td>
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<td>Hubei (China)</td>
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<td>77,1</td>
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Updated April 23rd, 2020.
Public Policy to Tackle COVID-19: Recommendations for Latin America and the Caribbean

In addition to curbing the spread of the virus, strict lockdown gives countries time to, on the one hand, strengthen the health sector to deal with the infected population and, on the other, expand the capacity for mass testing. However, the evidence from LAC countries shows that compliance with strict confinement is far from universal; for example, in slums or rural areas or where vulnerable people must visit banks or state agencies to collect COVID-19 assistance. Likewise, in households without access to internet or a high-speed internet connection, there is much more mobility outside the home.

Faced with the economic and social pressures that will arise from strict confinement, on top of the difficulty of achieving full compliance, most governments, both inside and outside the region, do not appear to envisage maintaining strict confinement until the health sector has been sufficiently strengthened to avoid renewed outbreaks of the infection: total lockdown will be relaxed before hospital systems have achieved much greater capacity than is currently available and before countries have the capacity to implement mass detection systems and targeted confinement. Nonetheless, improving these capacities will be the key to minimizing the rise in mortality.

2. The transition to free movement: Moving from a system of general confinement to free movement represents significant challenges. To avoid a spike in mortality rates will require, as South Korea has shown (see Table 4), mass application of molecular tests to diagnose the virus (PCR), at low cost to the population, to detect asymptomatic patients and identify clusters and chains of contact. It also means being able to systematically trace the contacts of those infected, using, to the extent possible, electronic data detailing movement and exposure alerts, but also relying on numerous teams of personnel to carry out person-to-person monitoring and ensuring compliance with partial quarantines for positive cases and for people who have come into contact with them, as well as for people arriving from outside the country. Public information campaigns to achieve and maintain the public’s cooperation will be crucial at all stages.

Building capacity for a more effective, targeted confinement is, after general confinement, the region’s most pressing challenge. However, it will not be possible to follow the Singapore or South Korean models. Access to mass testing, the capacity to put hundreds or even thousands of mobile units into action to trace contacts, and the restrictions with respect to people’s privacy that LAC countries might face due to the use of big data for such monitoring countries differ significantly from Singapore and South Korea. Mass targeted testing could be employed to control infection rates among priority populations: those most vulnerable to the disease, those more exposed than others, or those with more pressing need to go to work. Mass testing could also be used in particularly vulnerable geographic regions, hotspots, schools, or private institutions. Presently, there is no expertise on how to implement targeted testing strategies, and the region’s countries must learn from their own experiences.

In addition to molecular tests, which measure whether a person is infected with the virus, it is important to obtain on a massive scale and use serological tests to detect the immunity of the population. These are substantially cheaper than molecular tests and are easy to process. Given the emergency, countries should consider suspending the need for national authorization for tests and accept those that have been approved by
the authorities in other countries using rigorous certification systems.

Finally, it must be recognized that no test is perfect and that they must be used with caution. For example, using tests that yield many false positive results leads to high rates of unnecessary confinement, to the detriment of both compliance and the economic benefits of targeted quarantine. In contrast, with a disease as contagious as COVID-19, high rates of false negative results mean the tests are less useful in controlling infection rates.

In addition to the technical obstacles, there are significant commercial and regulatory obstacles. Currently, tests are being manufactured in developed countries and the patents for the tests belong to private laboratories. Many developed countries are also facing serious shortages of the tests that they themselves produce, and they have therefore prohibited their export. Although some of the region’s laboratories could manufacture the tests, especially the serological tests that do not require complicated technology, patents protect the laboratories that own the tests. International cooperation and coordination with governments of developed countries is fundamental if LAC countries are to be permitted to manufacture tests.

This whole raft of measures is known as targeted confinement. In the short term, relative to the free movement of people, its economic and social benefits greatly exceed its costs. Nonetheless, even the most effective targeted confinements have failed to stave off fresh outbreaks. This has been seen in Singapore, which has recently declared a strict lockdown after having maintained very low rates of infection by the sophisticated and comprehensive application of its targeted regime. The high contagiousness of COVID-19 has characteristics of infection that make it difficult to contain. Countries must therefore also focus on their capacity to care for the sick.

The roadmap for arriving at adequate targeted confinement systems is clear, but for some countries the road ahead will be long. It is therefore important to also implement more feasible measures to reduce infection rates. These will depend on citizen cooperation and therefore on the effectiveness of governments’ public information campaigns: for example, using masks, which governments themselves can supply, or adapting workplaces and shopping areas to facilitate social distancing.

3. Boost the health system’s response capacity: Even in the best of cases, with a general lockdown accompanied by efficient detection measures, targeted quarantines and lower mortality rates caused by the virus than current estimates suggest, the demand for healthcare services in hospitals will rise dramatically, surpassing the current capacity of health systems. The maximum priority of countries, after ensuring their capacity to implement targeted confinement, must be the allocation of fiscal resources, personnel and management to improve health system response capacity. The region faces almost insurmountable obstacles when it comes to significantly boosting, in a very short space of time, its capacity to attend to the great majority of virus victims whose cases are critical, given that the supply of health equipment and personnel to attend to the sick is extremely inelastic. Nonetheless, countries can enhance in a short period their capacity to attend to non-critical cases.

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9 The IOB estimates suggest that doubling the health system’s capacity to respond to critical cases, if it could be achieved, would imply expenditures of approximately 0.05 percent of GDP in installation costs and 0.1 percent of GDP per month in operating costs.

10 For these cases, not only are ICU beds lacking, but also equipment such as ventilators. The supply of such equipment is extremely inelastic. Current producers have made it clear they need several months to scale up production. The firms that lack prior experience in such production, for example, those of the LAC region, will require even more time, given the complexity of production processes.
To move from strict confinement to focused confinement, it is essential to improve the testing capacity, contact tracing, and responsiveness of the health care system. These are, after universal closure, the most urgent challenges for the region.
We therefore recommend the following measures:

a. Postpone all non-urgent surgeries—estimates for the United Kingdom and the United States suggest that, by doing so, approximately 30 percent of hospital beds will be freed up for other purposes.

b. Convert alternative spaces for hospital use and provide them with the appropriate equipment.

c. Adjust public and health procurement rules so that new producers, even from other countries, become eligible for public procurement of health-related materials (masks, gloves, protective clothing for doctors, and simple ventilators for less critical cases).

d. Suspend the rules that prevent doctors and nurses who are retired or from other countries from joining the health sector staff during the crisis.

e. Eliminate tariffs and eliminate non-tariff barriers for medical equipment, supplies and disinfectants.11

In summary, to respond to the health crisis, it is vital that the region’s countries begin with a period of general confinement to reduce transmission of the virus. However, the amount of time that a lockdown can be maintained is limited—probably between one and two months. During this period, countries must prepare to (i) dramatically ramp up their capacity to detect the disease and trace contacts, and (ii) carry out the possible changes and investments in the health system, in particular in hospitals and in converting alternative spaces to care for the sick, if only temporarily. These measures will allow them to make the transition to targeted confinement.

B. Responding to the Economic Crisis

All indications are that the size of the economic contraction in the region will be severe and the fiscal margins to respond are limited—in some countries more than in others. But even in the countries with a wider margin, the scarcity of resources means that assistance will not reach all the groups affected by the economic crisis—households, workers, firms. LAC governments will have to prioritize, among all these groups, those that will be the beneficiaries of interventions once the essential steps for strengthening the health system have been implemented.

Furthermore, the response will have to adjust to the evolving healthcare situation. Ideally, countries will transition from a period of general lockdown to more targeted confinement. Nonetheless, it is possible that these social, economic, and fiscal pressures will lead to a relaxation of people’s movements sooner than is desirable. In this case, countries might well enter into a cycle in which there are new outbreaks in infection rates, a significant increase in the number of deaths, huge pressure on the health system, and a return to more generalized confinement.12 The economic measures that countries take will have to adapt to this uncertainty.

The economic response to the crisis pursues two objectives: (1) provide a minimum level of income for all households; and (2) take fiscal, financial, and monetary measures to protect workers and firms and minimize the possible systemic effects on the economy. It is also es-

11 The LAC region has one of the highest tariffs in these categories, with an average that varies between 5 and 15 percent. NTBs cover 90 percent of these categories. To reduce the costs of these products, which are essential for effective crisis management, countries must eliminate NTBs from the price of these products.

12 See, for example, https://medium.com/@tomaspueyo/coronavirus-the-hammer-and-the-dance-be9337092b56, which describes a process wherein the policy to limit the transmission of the virus is a “hammer” (lockdown) followed by a “dance” with more or less targeted confinements in response to fresh outbreaks of the virus.
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...ential to ensure social and political stability—that the package of policies is not only effective, but that the population also perceives it as fair and equitable.

This section discusses the importance of these objectives and the available policy instruments.

1. Protect the households most affected by the crisis: Many households are going to experience a substantial decline in income due to the economic contraction. In fact, some families may see their income suddenly fall to zero if, for example, the firms where they work go out of business, or if the lockdown does not permit self-employed workers to work. Some of these families were already poor; others were part of an emerging, but vulnerable, middle class. How should decisions be made about whom to protect and with what instruments?

   a. In economies with high levels of informality, it is difficult to estimate with any degree of precision the decline in income that households have suffered. Therefore, a universal transfer, of a modest size and for a limited time should be considered. The cost of this policy might not be prohibitive, especially in higher-income countries with greater fiscal capacity to respond to the crisis. 13

   b. Even in countries with greater fiscal capacity, universal transfers will be sustainable only for a very short period. Since it will be necessary to support the vulnerable population for a longer period of time, it is also important to consider alternative ways to target the transfers. This can be achieved in different ways:

   i. Use existing programs and instruments: Some countries in the region, including Bolivia, Brazil, Colombia, Ecuador, Mexico, and Uruguay, already have large-scale conditional cash transfer (CCT) programs. These countries could broaden the coverage of the CCTs. This policy is a practical way of transferring resources to households that are on average poorer than others. However, it also has limitations. First, even with a substantial expansion of program coverage, a significant proportion of poor households would not receive transfers. 14 Second, the targeting tools used by CCTs are focused on structural poverty and therefore have only limited usefulness when it comes to identifying households suffering from the kind of transitory poverty associated with the crisis. 15

13 To determine the cost of a universal cash transfer and its feasibility, a scenario was modelled in which every household would be eligible to receive a transfer equal to the amount of the international poverty line, or US$3.1 per capita per day. As the poverty line is expressed per capita, and the proposed transfer is expressed per household, for a household of five people this would be the equivalent of 20 percent of the international poverty line. The cost of providing this universal transfer was simulated for a period of three months. This cost is less than 0.5 percent of annual GDP in Bahamas, Chile, Mexico and Panama, among others, between 0.5 and 0.75 percent of annual GDP in Brazil, Colombia, Peru and Trinidad and Tobago, among others, and more than 0.75 percent of annual GDP in Barbados, Bolivia, Guatemala, and Nicaragua, among other countries. The inter-country differences in fiscal costs arise because of the assumption that the amount of the "emergency" transfer will be the same in all countries, whereas total GDP varies considerably among countries.

14 A scenario was modelled in which program coverage would increase by 50 percent using the existing tools. In this scenario, the proportions of households in the first (poorest) income quintile that would not receive transfers are 10.3 percent, 19.5 percent, 37.7 percent, 37.7 percent, 33.3 percent, and 4.9 percent in Bolivia, Brazil, Colombia, Ecuador, Mexico, and Uruguay, respectively.

15 The CCT targeting tools are based on fixed household characteristics (e.g., building materials used for walls, floors, and ceilings and access to services such as water and sanitation) and the characteristics of its members (e.g., years of education of the adults in the household).
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**ii. Use new targeting instruments:** To identify the households that have suffered the greatest declines in income, governments must be creative in using different sources of data. Particularly useful are data that, even when incomplete, are regularly updated and can therefore provide indications about the progress and the distribution of the economic crisis. This may include data about electricity consumption, applications for unemployment benefits or from job seekers in the employment portals, and changes in prices. Population and housing censuses may also be used, if they are recent, to help identify the distribution of households with the characteristics that might make them particularly vulnerable to loss of income.

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**c.** In addition to transfers, there are other measures that can cushion the economic consequences of the crisis for households. These include temporary moratoria on the VAT levied on the basic food basket, medication and medical equipment; electricity, gas or water utility payment extensions, or prohibitions on cutting off these services; and agreements with banks and insurance companies to prohibit the eviction of households that temporarily cannot make their mortgage payments. All these measures have costs, and, in some cases, it is difficult or impossible to precisely target them to households that have been particularly affected by the crisis.

**d.** Unemployment insurance is another tool that can be used to protect household income, especially for formal sector workers. One policy option is to extend unemployment insurance if the crisis is prolonged. However, unemployment insurance has obvious limitations in the current situation: it only covers workers in the formal sector and, even in LAC countries with the most highly developed unemployment insurance systems, not all formal workers are eligible.

**e.** The crisis can interrupt food supply chains. Authorities must remain in continuous contact with the key actors in supply chains to identify and respond to scarcity and bottlenecks. Although the hoarding of food to manipulate prices should be discouraged, it is crucial not to impose price controls as the first and main response to the bottlenecks, since doing so would make the scarcity worse.

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16 The declines in electricity consumption represent a rapidly available indicator of geographical differences in the economic impact of the crisis, and therefore of possible geographical differences in the impact on poverty. In the United States, for example, the decline in electricity consumption during the 2008–09 recession was highly correlated with decline in economic activity, with the advantage that the changes in electricity consumption were available in real time. See: [https://www.nytimes.com/interactive/2020/04/08/upshot/electricity-usage-predict-coronavirus-recession.html](https://www.nytimes.com/interactive/2020/04/08/upshot/electricity-usage-predict-coronavirus-recession.html).

17 Applications for unemployment insurance are a clear sign of the effect of the crisis on formal work. Moreover, if formal and informal employment are not completely segmented, the increase in formal unemployment will also indicate downward pressure on employment or salaries in the informal sector. Job searches on public or private employment portals are also a sign of possible differential impact of the crisis by geographical area, sector, or occupation.

18 In general, one would expect greater falls in prices, especially for durable goods (but not necessarily for foods or medicines), in the areas most affected by the economic crisis.

19 For example, if the economic contraction is thought to have affected informal sector workers in particular (or if formal sector workers are protected by other instruments, such as unemployment benefits), the most recent population and housing censuses could be used to identify city blocks or neighborhoods with high percentages of informal workers, and resources targeted to these areas.

20 Unemployment benefits have yet to be fully implanted in the region. The countries with the most advanced unemployment benefits are Argentina, Bahamas, Barbados, Brazil, Chile, Colombia (unemployment protection), Uruguay and Venezuela. Some countries, such as Brazil, Colombia, Ecuador, Peru, and Panama, use individual savings accounts for unemployment.

21 For example, between 20 and 30 percent of formal workers who lost their jobs in Uruguay are ineligible.
f. In addition to the direct effects of the crisis on mortality, the economic contraction is likely to lead to a deterioration in social indicators, such as infant mortality, on learning, and eventually on the productivity of pupils who are temporarily unable to attend school. This deterioration will mostly affect poorer households, which are less able to respond.

g. Finally, all countries must consider policies that attempt to protect vulnerable populations. Of particular importance are migrants, since they tend to have very low incomes and, in general, have minimal access to the banking system, the formal job market, or health services. It is unclear how a quarantine can be implemented for people who often have no permanent home. Xenophobic or racist outbursts must be avoided at all costs. Designing policies for the migrant population will call for solidarity, creativity, and implementation capacity.

2. Protect workers and businesses and minimize systemic effects on the economy:
The pandemic and the measures aimed at curbing it have had a dual effect. On the one hand, aggregate demand has fallen and, on the other, production has declined in businesses or sectors where employees cannot work or where intermediate inputs are lacking. This implies risks for the financial system, increases in the number of firms that go bankrupt, and job losses. This could, in the worst-case scenario, create a vicious circle in which financial institutions seek to protect their own solvency by cutting lines of credit, which would lead to a fresh wave of business closures and layoffs and which, in turn, would further weaken the financial system.

Faced with this situation, fiscal and monetary measures have four goals:

a. Prevent the crisis from creating a collapse of the financial and payments system.

b. Protect employment and prevent an increase in informality.

c. Avoid the bankruptcy of solvent, but temporally illiquid, firms.

d. Promote rapid post-crisis reactivation.

22 See Baird, S., J. Friedman, and N. Schady (2011). “Aggregate Income Shocks and Infant Mortality in the Developing World.” *Review of Economics and Statistics* 93:3, 847–56. Extrapolations based on this study indicate that a reduction in GDP of 10 percentage points could lead to 70,000 more infant deaths in the LAC region than would have been expected in normal times, and that the deaths would be concentrated among girls.

23 See Jaume, D. and A. Willén (2019). “The Long-Run Effects of Teacher Strikes: Evidence from Argentina.” *Journal of Labor Economics* 37: 4. This study measures the impact of teacher strikes on the subsequent incomes of primary school pupils in Argentina once they entered the job market: incomes were 3.2 percent lower for men and 1.9 percent lower for women in the cohorts most affected by the strikes.

To achieve these goals, countries have financial, regulatory, and fiscal tools at their disposal.

a. **Prevent the collapse of the financial and payments system**: Countries that fear a possible collapse of the financial and payments system must take immediate steps to ensure its solvency, extending guarantees and credits to the banking sector and to businesses whose closure would threaten financial stability. In principle, this limits the resources available for other interventions, although in practice the measures that reduce risk perceived by the financial system can also boost credit flows to firms that do not benefit directly from the stabilization policies.

b. **Avoid the bankruptcy of solvent but temporally illiquid businesses and minimize the decline in formal employment**: The economic crisis could usher in a wave of business closures and massive layoffs. This would have negative effects in the short term, increasing the levels of poverty and social unrest, but it could also affect countries’ capacity to recover after the crisis, especially if companies are shuttered and jobs are destroyed in highly productive sectors. To minimize business closures and layoffs, countries have a number of alternatives:

i. **Extend loans and guarantees to businesses**: Loans and guarantees offer the greatest flexibility from the fiscal standpoint. One significant advantage of these measures is that they can be targeted: if the interest rates charged are higher than those charged in normal times, there will be a self-selection of productive but temporally illiquid businesses, whereas firms not experiencing liquidity problems would not seek these loans.

ii. **Temporarily suspend the payment of taxes by businesses**: These measures can be an effective way of providing implicit loans to businesses, although they would not target the most productive firms or those with the most pressing liquidity needs. The fiscal costs are lower if firms are required to repay the taxes after the crisis. Also, regulations that increase the costs of production for businesses can be temporarily suspended.

iii. **Make the relationship between business and worker more flexible**: Many countries have taken measures that permit firms to reduce employment costs without permanently laying off their workers. These include measures by which workers accept reduced timetables and salaries, or those that permit firms to temporarily lay off a proportion of their workforce.

iv. **Temporarily reduce formal employment costs**: In Latin America and the Caribbean, the non-salary costs of formal employment range from 20 percent to 55 percent of wages. The cost of formal employment could be reduced with a temporary moratorium on firms’ mandatory contributions (excluding health insurance contributions). These moratoria can have a low fiscal burden if they lead to a reduction of future benefits for workers.

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25 Among this raft of instruments to rescue financial system, governments can also adopt measures to reduce moral hazard, for example, by replacing the management or ownership of those firms.

26 In Germany, application of the Kurzarbeit program, whereby workers accept reduced hours and salaries in exchange for keeping their jobs, has been made more flexible. In Spain, coverage of the Record of Temporary Employment Regulation (Expediente Temporal de Regulación de Empleo, or ERTE) has been made more flexible and extended. Under ERTE, the company can temporarily lay off some employees, but with the legal commitment to re-hire them once the crisis is over. During this period, those affected can claim unemployment benefits or public assistance.
One important question in all of these interventions—loans, moratoria on taxes or contributions—is whether they should be conditional on firms not laying off their workers. This condition could minimize the decline in formal employment. Furthermore, it might help to foster the political sustainability of the economic measures, if people perceive that, in exchange for interventions that benefit employers, the latter are required to protect their workers. Nonetheless, conditional policies to ensure that businesses keep their workers gives firms a narrower margin of maneuver to solve their liquidity problems and can lead to more business closures relative to interventions without conditions.

The need to be pragmatic, flexible, and to adjust to a shifting reality: In summary, both with regard to the support for vulnerable populations and to interventions that seek to avoid business closures and minimize layoffs of formal workers, in this crisis there is no perfect solution. It will be necessary to apply multiple measures, not just one, to mitigate the effects of the crisis. In fact, the examples in Table 2 show that many of the region’s countries are already doing so. It will be important to think carefully about the possible effects of the measures overall, not just one by one, and to update the assessment and the response by taking into account the evolution of the health and economic crises. Budgets are limited and the information is imperfect. It is therefore essential to be pragmatic and flexible, and to ensure that the perfect does not become the enemy of the good.
Managing the Response to the Crisis

The crisis presents challenges on a technical and fiscal level but also in terms of the varied styles of management, communication, and policies that are needed to fit different population groups and essential businesses. On the one hand, a lack of coordination between the many policies and government entities involved in the response to the crisis can lead to significant losses of lives and resources. On the other, without effective communication with citizens, their support and collaboration in the measures necessary to combat the crisis could be lost. Finally, some population groups and economic sectors require a strengthening of general policies, either due to their greater vulnerability or essential role for the well-being of the overall population and productivity of companies.

1. **Ensure coordinated management of the response to the crisis**: The crisis affects many sectors, and the responses of each one heavily affect the others. Furthermore, in many countries, responsibility for the health sector falls to subnational governments. In this context, it is essential that governments create high-level coordination units to establish and monitor goals and timeframes, allocate resources, and organize communication about the crisis.

2. **The importance of transparency throughout the crisis should not be minimized**: More than ever, countries need to ensure that resources are being used efficiently and that the government's measures have public support. If they fail to control the diversion and inefficient use of resources, they will lose opportunities to mitigate the impact of the crisis on society and lose the support of the population. This challenge is even greater in times of crisis when traditional fiduciary rules with respect to public contracting and procurement are justifiably suspended. It is fundamental to maintain full transparency regarding expenditure and contracting and to demonstrate strong commitment and capacity to investigate abuses.

3. **Ensure continuous, coherent, and full communication with citizens**: Communication is key, not only so that the public can have faith in the government, but also so that people work collectively in order to manage the crisis. This will be particularly important during the second phase, of targeted confinement and the eventual transition back to freedom of movement. Citizen collaboration will be key for identifying possible infected patients and their contacts, and for compliance with isolation when the rest of society has re-
gained freedom of movement.\textsuperscript{27} Furthermore, false information will also be circulating, causing worries and creating resistance to containment measures.\textsuperscript{28} Governments must be seen as reliable and constant sources of comprehensive information, even when informing about possible risks.

4. \textbf{Slums and rural areas must not be abandoned.} One of every four people in LAC cities (i.e., 100 million people) live in slums and 20 percent live in rural areas. This population will suffer the effects of the health and economic crises with greater intensity.\textsuperscript{29} On top of the set of proposed policies, other policies may be implemented to address slums and rural areas, which include the expansion of social programs, providing basic sanitary infrastructure,\textsuperscript{30} public information campaigns, the distribution of food parcels when cash transfers are impossible, and avoiding evictions. Given that the rural population is also a crucial part of the food production chain, the provision of loans and other measures can help prevent interruptions in agricultural production.

5. \textbf{Ensure access and continuity in essential public service delivery:} Access, continuity, and quality of water, sanitation, electricity, and transportation services are essential during lockdown. They are also vital for managing the health crisis (for example, ventilators require continuous electrical supply to function, frequent handwashing requires good-quality water, and health sector workers need to use public transportation). Many of the region’s governments have already established a series of rules to ensure access, continuity, and quality of services (see Table 2). These measures, alongside the pandemic itself, may cause financial problems for service providers who are required to continue providing services despite a sharp drop in their own income and demand.\textsuperscript{31} This situation will require governments, whether municipal or national, to finance the continuity of service delivery.

\textsuperscript{27} A high-ranking World Health Organization official reports that contact tracing is much more effective when the cooperation of society is enlisted, which is difficult if citizens are not even aware of the symptoms of the virus (a typical situation in most countries), the monitoring strategies, or their progress. See: \url{https://www.vox.com/2020/3/2/21161067/coronavirus-covid19-china}.

\textsuperscript{28} See: \url{https://www.elespectador.com/coronavirus/el-desespero-por-las-ayudas-en-bogota-refleja-el-reto-de-atender-las-poblaciones-en-riesgo-articulo-911068}.

\textsuperscript{29} People in slums live in conditions of overcrowding, lack basic sanitation services and access to health services, work in high-risk occupations such as trash collection and informal sales, and must use public transportation. All these factors hamper their ability to practice social distancing and measures aimed at stemming virus contagion. Although they currently face lower levels of contagion as these are, at present, concentrated in the cities, people living in rural areas have very precarious health systems which will be unable to care for critical COVID-19 patients. Confinement measures may isolate them from markets, which may mean they face a scarcity in goods, including some foods. In general, both groups lack the savings or access to financial markets that would enable them to mitigate the impact of the decline in their incomes.

\textsuperscript{30} In slums, infrastructure could be installed that provides soap and facilities for effective hand washing.

\textsuperscript{31} Incomes fall for two reasons: the decision to reduce the weight of utility bills in household spending and the decline in demand for water and electricity from industrial and commercial sectors. Public transportation is an exceptional case because, due to the restrictions imposed by confinement, demand has fallen by more than 75 percent.
The Role of Multilateral Institutions

The pandemic poses enormous challenges not only for countries but also for multilateral institutions. The role of these institutions must be to support countries in their actions to stop the pandemic, boost the capacity of their health systems, protect the most vulnerable, and mitigate the systemic effects of the crisis. Multilateral institutions must avoid spreading themselves too thin, but rather focus their available resources on the priorities put forward in this paper.

We recommend three specific actions:

1. Multilateral institutions should postpone their traditional programs, restructure operations already underway, and concentrate on helping countries to overcome the health and economic crises. The first priority should be on measures that support countries to dramatically boost their capacity to detect the disease and trace contacts, and to make whatever changes and investments are possible in the health system, especially in hospitals and in converting alternative spaces to care for the sick, if only temporarily.

2. Even if the multilateral institutions focus their efforts on these objectives, resources will fall short. The needs are enormous and multilateral institutions must therefore also allocate their resources first and foremost to the region's poorest countries, or to those with the greatest fiscal constraints and limited access to credit in the international markets, while, of course, preserving their own financial stability.

3. The support of multilateral institutions must go beyond financial resources. The IDB must provide technical assistance in the areas in which it has expertise and support networks. In particular, two types of actions are recommended. First, work individually with the region’s countries to draft action plans and their sequencing over time, which take each country’s institutional reality into consideration. Second, offer support in cross-cutting areas, such as the use of big data and artificial intelligence to facilitate contract tracing, and providing tools to identify poor and vulnerable households and target resources, among others.
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Annexes
## Table 2: Measures Developed by LAC Countries to Combat the Crisis

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<tr>
<th>Protection for the most vulnerable</th>
<th>Emergency fiscal, financial, and monetary measures</th>
<th>Containment measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARGENTINA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Special transfer to:</td>
<td>◆ Creation of soft lines of credit to guarantee production and supply of food and basic inputs and to boost economic activity.</td>
<td>◆ Confinement and emergency closures</td>
</tr>
<tr>
<td>◆ People of working age, without income and who do not receive other subsidies or pensions.</td>
<td>◆ Relaunch of the Plan Procrear program to boost the construction sector and promote housing purchase and repair.</td>
<td>◆ Mandatory nationwide lockdown between March 20 and April 26 (extended from April 12).</td>
</tr>
<tr>
<td>◆ Retired people and pensioners.</td>
<td>◆ Increase in investment expenditure in infrastructure, education, and tourism.</td>
<td>◆ Schools and universities closed as of March 16.</td>
</tr>
<tr>
<td>◆ Beneficiary families of Asignación Universal por Hijo/Embarazo program, for each child.</td>
<td>◆ Flexibilization of employment legislation:</td>
<td>◆ All commercial establishments are closed except supermarkets, groceries, pharmacies, hardware stores, notaries, and banks (limited services). Starting on April 3, the following activities are also excluded from confinement: delivery of building materials, mining, agriculture, import and export of finished goods, manufacture of wooden and leather goods, and activities in nuclear plants.</td>
</tr>
<tr>
<td>◆ Wage compensation for workers at businesses whose income has been reduced.</td>
<td>◆ Suspension due to force majeure: maintains employment relationship while temporally reducing payments.</td>
<td>Border restrictions</td>
</tr>
<tr>
<td>◆ Exemption from employer social security contributions in the most affected sectors.</td>
<td>◆ Subsidy and financing for equipment to guarantee telework for employees.</td>
<td>◆ All borders closed from March 27 to April 12.</td>
</tr>
<tr>
<td>◆ Price controls of basic goods and suspension of basic services due to non-payment are prohibited.</td>
<td>◆ Loans to small and medium-sized enterprises (SMEs).</td>
<td></td>
</tr>
<tr>
<td>◆ Flexibilization of employment legislation:</td>
<td>◆ Postponement of interest and loan repayments for three months.</td>
<td></td>
</tr>
<tr>
<td>◆ Suspension due to force majeure: maintains employment relationship while temporally reducing payments.</td>
<td>◆ Confinement and emergency closures</td>
<td></td>
</tr>
<tr>
<td>◆ Subsidy and financing for equipment to guarantee telework for employees.</td>
<td>◆ Mandatory nationwide lockdown starting on March 24:</td>
<td></td>
</tr>
<tr>
<td>BAHAMAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Loans to small and medium-sized enterprises (SMEs).</td>
<td>◆ During the week: confinement, allowed out for necessary shopping. Timetable for shopping determined by to the first letter of the surname.</td>
<td></td>
</tr>
<tr>
<td>◆ Postponement of interest and loan repayments for three months.</td>
<td>◆ Weekend: curfew. Allowed out only in case of emergency.</td>
<td></td>
</tr>
<tr>
<td>◆ Confinement and emergency closures</td>
<td>◆ All commercial establishments must close on weekends.</td>
<td></td>
</tr>
<tr>
<td>◆ All borders closed to incoming people starting on March 24.</td>
<td>Border restrictions</td>
<td></td>
</tr>
<tr>
<td><strong>BELIZE</strong></td>
<td><strong>Confinement and emergency closures</strong></td>
<td><strong>Border restrictions</strong></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| ◆ Extension for people and businesses of interest and loan repayments for three months and possibilities for debt rescheduling.  
◆ Lines of credit for priority sectors such as transportation, distribution, and logistics, as well as the hotel and restaurants sector. | ◆ There are no confinement measures.  
◆ Meetings limited to no more than 10 people.  
◆ Schools closed starting on March 20. | ◆ Border closed on April 5 for 30 days. |
| **BARBADOS** | **Confinement and emergency closures** | **Border restrictions** |
| ◆ Special transfers and expansion of regular transfers for beneficiary families of the Vulnerable Family Survival Program.  
◆ Creation of public-private partnership measures. The Adopt-a-Family program, which encourages people with annual incomes exceeding US$100,000 to make transfers to needy families.  
◆ Postponement of social security contributions for firms that retain at least three-quarters of their workforce.  
◆ Moratorium on loans and mortgages for individuals and enterprises directly affected by COVID-19.  
◆ Reconnection of water supply for households whose service has been suspended due to non-payment.  
◆ Subsidy for workers on shortened work week of up to 60% of income for the days on which they do not work. | ◆ Nationwide curfew from April 3 to May 3. Starting on April 15, timetables have been created for shopping trips and some economic activities according to the first letter of the surname.  
◆ Schools and universities closed starting on March 19. | ◆ Border areas open, but with mandatory 14-day quarantine for all incoming people. |
| **BOLIVIA** | **Confinement and emergency closures** | **Border restrictions** |
| ◆ Special transfer for beneficiary families of the Bono Familia program.  
◆ Reduction of electricity supply price and suspension of service for non-payment prohibited.  
◆ Price controls for basic goods. | ◆ Mandatory nationwide lockdown from March 22 to April 15. Timetable for shopping trips determined by final digit on citizen ID cards.  
◆ Extension of the quarantine in Oruro until April 30.  
◆ Use of electronic wrist and ankle tags to monitor people diagnosed with or suspected to have COVID-19.  
◆ Closure of schools and universities from March 16 to April 15. | ◆ Total closure of the border from March 26 to April 15. |
### Brazil
- Expansion of the conditional transfers program for almost 1 million families.
- Special transfers for informal workers and microenterprises.
- Salary advances for employees with incomes equal to or lower than two minimum salaries whose salary or timetable has been reduced.
- Advance payment of the thirteenth month pension installment.
- Line of credit to firms for payroll expenditures.
- Flexibilization of employment legislation.

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- Line of credit to firms for payroll expenditures.
- Flexibilization of employment legislation.

Authorization for Fintech companies to distribute loans and credit cards to the low-income population, SMES, and the self-employed.
- Project backed by the National Development Bank (Banco Nacional del Desarrollo, or BNDes).

- Flexibilization of payment conditions and debt rescheduling.
- Partial moratorium for three months on payroll taxes.
- Emergency credit for SMES.
- Moratorium for public banks on loan repayments.
- Central Bank emergency loan to save jobs.
- Moratorium on federal sales tax and tariffs on medical supplies.
- The Central Bank has reduced the interest rate by 50 basis points to 3.75%.
- Flexibilization of payment conditions and debt rescheduling.
- Partial moratorium for three months on payroll taxes.
- Emergency credit for SMES.
- Moratorium for public banks on loan repayments.
- Central Bank emergency loan to save jobs.
- Moratorium on federal sales tax and tariffs on medical supplies.
- The Central Bank has reduced the interest rate by 50 basis points to 3.75%.
- Intervention in the exchange market: currency auction.

- Confinement and emergency closures
- Confinement in 23 of the 27 federal states including Sao Paulo (until April 22), Rio de Janeiro, and Brasilia (until May 3).
- There is no nationwide lockdown order.
- Closure in some states of schools and universities. For example, in Sao Paulo, schools are closed starting on March 23.

- Border restrictions
- All the land borders are closed.
- Only Brazilian nationals and residents are permitted to enter by air.
- Restriction on the movement of people between states.

### Chile
- Special transfer to:
  - The unemployed (2 million people)
    - Beneficiaries of the program Subsidio Único Familiar.
    - The most vulnerable 60% of households according to the Subsistema Seguridades y Oportunidades program.
  - Flexibilization of debt repayments for low-income earners (flexible payments, without interest or penalties).
  - Flexibilization of employment legislation:
    - The income protection law will suspend the requirement guaranteeing workers’ income (to be paid via unemployment benefit) and social security contributions (paid by the employer).
    - The employment protection law will permit reductions in work timetables, with the salary shortfall compensated with resources from the Unemployment Solidarity Fund.

- Advance reimbursement of income tax and return of deductions from fee receipts for self-employed workers.
- Postponement of VAT and Property Tax payments for businesses with sales of less than UF 350,000 for three months.
- Advanced reimbursement of income tax for SMES.
- Postponement of income tax payments for SMES.
- Postponement of the payment of the Property Tax for April, for people whose properties have a fiscal value of lower than CLP 133,000,000 (approximately US$160,000).
- Temporary reduction to 0% of stamp duty for loans or credit transactions for the next six months. Applies to enterprises and individuals.
- Increased investment expenditure.
- The Central Bank has reduced the interest rate by 50 basis points to 0.5%.

- Confinement and emergency closures
- There is no nationwide lockdown order.
- Nationwide curfew between 10:00 p.m. and 5:00 a.m.
- Restriction on movement and temporary confinements in some cities and communes of Santiago.
- Mandatory isolation for all people over the age of 80.
- Closure of schools and universities from 15 March.

- Border restrictions
- Closure of land and air borders for non-resident foreigners starting on March 18. Mandatory quarantine for all Chilean nationals and residents coming into the country.
<table>
<thead>
<tr>
<th>Country</th>
<th>Measures</th>
</tr>
</thead>
</table>
| **Colombia** | - Special transfer to:  
  - Beneficiary families of the conditional transfer program Familias en Acción.  
  - Young beneficiaries of the Jóvenes en Acción program.  
  - Expansion of the resources and placement available for the Adulto Mayor program.  
  - Free reconnection of public utilities to households whose service was suspended due to non-payment and price controls for water provision.  
  - Advance reimbursement of VAT to families in poverty and extreme poverty.  
  - Elimination of tariffs on the import of inputs for the health sector and the passenger and air cargo transport sector.  
  - Extension of income tax declaration deadlines for individuals and businesses in the air passenger transportation, hotels, theatrical activities, and live shows sectors.  
  - Extension of VAT payments for firms that provide services in air passenger transportation, theatrical activities, and live shows.  
  - Extension of payment of parafiscal contributions for tourism promotion.  
  - Creation of a line of credit for payroll payments for small businesses.  
  - Refinancing, temporary moratorium on debts, and emergency loans for SMES.  
  - Debt refinancing and temporary moratorium for individuals.  
  - Increase in investment expenditure.  
  - Intervention in the exchange market: uniform price auctions.  
  - The Central Bank has reduced the interest rate by 50 basis points to 3.75%.  
| **Confinement and emergency closures** | - Nationwide lockdown order from March 24 to April 27 (extended from April 12).  
  - Confinement in Bogota began on March 21.  
  - Mandatory isolation people over the age of 70 until May 31.  
  - Closure of schools and universities from March 24 to May 30.  
  - Public transportation operates at reduced capacity.  
  - Border restrictions | - Closure of land, river, and maritime borders from March 17 to May 30.  
  - Closure of air borders from March 31 to April 21.  
  - Restriction on internal movements of people. |
| **Costa Rica** | - Postponement of social security contributions and proportional payments for time worked.  
  - Special transfers to vulnerable families (around 200,000) and to national lottery sellers (around 200,000).  
  - Moratorium on VAT payments for businesses, selective consumption tax, income tax, and tariffs (three months).  
  - Reduction of insurance costs for the tourism sector and quarantine insurance for tourists.  
  - The Central Bank has reduced the interest rate by 20 basis points to 4.15%.  
| **Confinement and emergency closures** | - There is no nationwide lockdown order.  
  - Nationwide curfew from 7:00 p.m. to 5:00 a.m. daily.  
  - Daytime restriction on vehicular transport by license plate from April 13 to 30 and total restriction on weekends.  
  - Total closure of cinemas, theaters, bars, and discotheques.  
  - Border restrictions | - Closure of land, maritime, and air borders until 30 April.  
  - Foreigners and exiles who leave Costa Rica will lose their immigration status. |
<table>
<thead>
<tr>
<th>Country</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| **ECUADOR**      | ◆ Special cash transfers for two months (US$60 x 2) to families affiliated with Farmer Social Security under the Non-Remunerated Work regime.  
 ◆ Postponement of social security contributions for voluntary affiliates and self-employed workers.  
 ◆ Mandatory reconnection and price controls for public services.  
 ◆ Restructuring of small and medium local government debts with the Development Bank of Ecuador.  
 ◆ Extension without charge of the payment of quotas for personal loans, microcredit and loans to small enterprises, and debt-refinancing option.  
 ◆ Postponement of payment of taxes.  
 ◆ Tax increase: 5% tax levied on vehicles worth more than US$20,000.  
 ◆ Confinement and emergency closures  
 ◆ Nationwide lockdown order and curfew from 2:00 p.m. to 5:00 a.m. every day from March 25 to April 19.  
 ◆ Vehicle restriction according to license plate.  
 ◆ Closure of schools and universities starting on March 14.  
 ◆ Cancellation of public events and non-essential commercial activities.  
 ◆ Public transportation suspended.  
 ◆ Border restrictions  
 ◆ Total closure of borders starting on March 15. |
| **EL SALVADOR**  | ◆ Special cash transfers of US$300 to 75% of households.  
 ◆ Suspension for three months of payment of public service charges.  
 ◆ Price controls for basic goods.  
 ◆ Income tax exemption for businesses in the tourism, electrical energy supply, and telecommunications sectors.  
 ◆ Temporary moratorium on the interest and loan payments.  
 ◆ Freeze on mortgage repayments, personal loans, and business and working capital.  
 ◆ Confinement and emergency closures  
 ◆ Nationwide quarantine order from March 22 to May 3 (extended from April 19).  
 ◆ Mandatory isolation for people over 60 years of age and pregnant women.  
 ◆ Closure of schools and universities starting on March 22.  
 ◆ Closure of restaurants, theaters, bars, and other public establishments. Public transportation operates at reduced capacity.  
 ◆ Border restrictions  
 ◆ Total closure of borders starting on March 14. |
| **GUATEMALA**    | ◆ Introduction of transfers for more than 160,000 families.  
 ◆ Financing of low-cost housing of GTQ 100 million.  
 ◆ Postponement of employers’ social security contributions.  
 ◆ Reduction of the Solidarity Tax on assets and income for one trimester.  
 ◆ Creation of the micro, small, and medium-sized enterprise (MSME) support fund.  
 ◆ Increase in investment expenditure.  
 ◆ Postponement of payment of taxes.  
 ◆ Confinement and emergency closures  
 ◆ Nationwide curfew between 4:00 p.m. and 4:00 a.m. from March 22 until further notice (extended from April 12).  
 ◆ Closure of schools and universities from March 6 to April 30.  
 ◆ Border restrictions  
 ◆ Total closure of air borders starting on March 16.  
 ◆ Restriction on the internal movement of people until April 19. |
## GUYANA

The government has yet to announce economic measures.

- Nationwide curfew from 6:00 p.m. to 6:00 a.m. every day from April 3 to May 3.
- During the day, only trips for necessary shopping and services are permitted.
- Closure of schools and universities starting on March 16.

### Border restrictions
- Closure of air border starting on March 18.

## HAITI

- Postponement of interest and debt repayments for three months.

### Confinement and emergency closures
- Nationwide curfew from 8:00 p.m. to 5:00 a.m. every day starting on March 20.
- Market days are established in some cities on Tuesdays, Thursdays, and Saturdays.
- Closure of schools and universities starting on March 20.

### Border restrictions
- Closure of air, land, and sea borders starting on March 19.

## HONDURAS

- Distribution of food to the most vulnerable households.
- Creation of subsidies for agricultural producers in the Dry Corridor and distribution of bonds for the purchase of agricultural inputs.
- Price controls for basic goods.
- The Central Bank has reduced the interest rate by 75 basis points to 4.50%.
- Extension for persons and enterprises of the payment of interest and loans for three months, and debt refinancing possibilities.
- Creation of a stimulus package for the construction sector worth HNL 1.4 billion.
- Rapid processing of loan requests from small entrepreneurs and agricultural loans.
- Increase in investment expenditure.

### Confinement and emergency closures
- Total nationwide lockdown from 16 March to 19 April.
- Closure of schools and universities on March 13.
- All public events and meetings are prohibited.

### Border restrictions
- Closure of air, maritime, and land borders on April 19.
<table>
<thead>
<tr>
<th>Country</th>
<th>Public Policy and Economic Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamaica</td>
<td>- Special cash transfers to employees of the tourism sector and to those who have lost their employment or income due to the crisis. Two payments will be made, in April and in June.</td>
</tr>
<tr>
<td>Mexico</td>
<td>- Mexico City: Extension of income tax declarations for natural persons. Fiscal inspection acts suspended. The Central Bank has reduced the interest rate by 50 basis points to 6.5%. Temporary moratorium on interest and loan payments. Increase in investment expenditure.</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>- The government has yet to announce economic measures.</td>
</tr>
</tbody>
</table>

**Confinement and emergency closures**
- Nationwide curfew from 9:00 p.m. to 5:00 a.m. (with some changes over Easter) from April 1 to 21.
- Isolation of people over 70 years of age.
- Closure of schools from March 13 to April 22.

**Border restrictions**
- Closure of air and maritime borders.
- Mandatory quarantine for all passengers who arrived towards the end of March.

**Border area open, although with restrictions and mandatory isolation measures for passengers arriving from Europe and China.**
- Land border with the United States is open, but with restricted mobility for people. Border with Guatemala and Belize closed.

**Confinement and emergency closures**
- Measures of social isolation from March 28 to April 30:
  - Limit of 50 people in the same place
  - Working from home
  - Closure of restaurants, cinemas, theaters, bars
  - Closure of schools and universities from March 20 to April 20.
- Mandatory isolation of people over 60 years of age with underlying medical conditions and pregnant women.

**Border restrictions**
- Border area open, although with restrictions and mandatory isolation measures for passengers arriving from Europe and China.
- Land border with the United States is open, but with restricted mobility for people. Border with Guatemala and Belize closed.

**Confinement and emergency closures**
- There are no national isolation measures.
- Schools and universities are open.
- There is no restriction on the number of people in social meetings or public events.

**Border restrictions**
- Borders open.
<table>
<thead>
<tr>
<th><strong>Public Policy to Tackle COVID-19: Recommendations for Latin America and the Caribbean</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PANAMA</strong></td>
</tr>
<tr>
<td>✈️ Cash transfers to people whose work has been affected by isolation measures.</td>
</tr>
<tr>
<td>✈️ Distribution of food to low-income households.</td>
</tr>
<tr>
<td>✈️ Flexible payment of public services and reduction in the price of electrical energy supply.</td>
</tr>
<tr>
<td>✈️ Price controls for basic goods.</td>
</tr>
<tr>
<td>✈️ Extension of deadline for income tax returns and payment of taxes until December 31.</td>
</tr>
<tr>
<td><strong>Confinement and emergency closures</strong></td>
</tr>
<tr>
<td>✈️ Nationwide quarantine order from March 25 until further notice:</td>
</tr>
<tr>
<td>✈️ Weekly timetable for necessary shopping by gender. Curfew on Sundays.</td>
</tr>
<tr>
<td>✈️ Closure of schools and universities from March 11 until further notice.</td>
</tr>
<tr>
<td>✈️ Closure of public establishments and non-essential economic activities. Cancellation of events.</td>
</tr>
<tr>
<td><strong>Border restrictions</strong></td>
</tr>
<tr>
<td>✈️ Closure of land and air borders from March 22 to April 21.</td>
</tr>
<tr>
<td>✈️ Internal movement of people restricted.</td>
</tr>
<tr>
<td>✈️ <strong>Panama Canal:</strong> Working regularly but with stricter monitoring of shipping routes and the health condition of ships’ crews.</td>
</tr>
<tr>
<td><strong>PARAGUAY</strong></td>
</tr>
<tr>
<td>✈️ Increase of cash transfers to the beneficiary families of the Tekopora program.</td>
</tr>
<tr>
<td>✈️ Creation of a healthcare personnel compensation scheme.</td>
</tr>
<tr>
<td>✈️ Creation of an Emergency Health Fund, to be financed with external borrowing of up to US$1.6 billion.</td>
</tr>
<tr>
<td>✈️ Creation of MSME support fund.</td>
</tr>
<tr>
<td>✈️ Postponement of income tax payments, and the possibility of spreading payments over five quotas.</td>
</tr>
<tr>
<td>✈️ Central Bank of Paraguay has reduced the interest rate from 25 basis points to 4.75%.</td>
</tr>
<tr>
<td>✈️ Elimination of tariffs on medical inputs.</td>
</tr>
<tr>
<td>✈️ Acceleration of infrastructure projects worth US$90 million.</td>
</tr>
<tr>
<td>✈️ Temporary moratorium on interest and loan payments.</td>
</tr>
<tr>
<td><strong>Confinement and emergency closures</strong></td>
</tr>
<tr>
<td>✈️ Nationwide isolation order from March 29 to April 19 (extended from April 12)</td>
</tr>
<tr>
<td>✈️ Closure of schools and universities starting on March 13.</td>
</tr>
<tr>
<td>✈️ Cancellation of mass public events starting on March 24.</td>
</tr>
<tr>
<td><strong>Border restrictions</strong></td>
</tr>
<tr>
<td>✈️ Total closure of air and land border starting on March 24.</td>
</tr>
<tr>
<td>Country</td>
</tr>
<tr>
<td>--------------</td>
</tr>
</tbody>
</table>
| **PERU**     | - Special transfers to households in poverty or extreme poverty located in areas of health vulnerability.  
- Work incapacity subsidies for 20 days for confirmed COVID-19 patients whose monthly income is below PEN 2,400.  
- Creation of a support network for the elderly under the auspices of the Ministry of Social Inclusion and Development.  
- Mandatory reconnection of public utilities and price controls.  
- Creation of the MSME Business Support Fund, whose objectives are:  
  - Guarantee that loans for working capital are granted to MSMEs.  
  - Restructure and refinance their debts, up to the sum of PEN 300,000.  
  - Extension of income tax declarations for individuals and MSMEs.  
  - Tariff reductions (tariff zero) for medicines and medical products.  
  - Temporary moratorium on interest and loan payments.  
  - The Central Bank has reduced the interest rate by 100 basis points to 1.25%.  
|              | **Confinement and emergency closures**  
- Nationwide order of mandatory social isolation from March 17 to April 26.  
- Curfew between 6:00 p.m. and 5:00 a.m.  
- Weekly timetable for necessary shopping by gender.  
- Closure of schools and universities from March 16 to April 26.  
- Cancellation of public events and closure of public establishments.  
|              | **Border restrictions**  
- Total closure of land, maritime, river, and air borders starting on March 16.  
- Restriction on internal movement of people by land or river.  
| **DOMINICAN REPUBLIC** | - Central Bank loans to households, SMES, and commercial establishments.  
- Issue of charge-free debit cards.  
- Reduction of credit card interest rate, minimum payments, charges for non-payment, and cost of advances.  
- Suspension of payment of the Industrial Goods and Services Transfer Tax and certain taxes in the hotel sector.  
- Extension of the deadline for tax returns for individuals and possibility of deferring payment in four quotas for businesses.  
- Salary advance for all public employees.  
- Extension of loans to rural producers for 60 or 90 days.  
- Emergency loans for SMES.  
- The Central Bank has reduced the interest rate by 100 basis points to 3.50%.  
|              | **Confinement and emergency closures**  
- Social distancing order starting on March 17.  
- Nationwide curfew from 5:00 p.m. to 6:00 a.m. starting on April 3 for 15 days.  
- Person-to-person business activities suspended except those that supply the food chain, medical and pharmaceutical services, and other essential services.  
- Closure of schools and universities on March 18 until further notice.  
|              | **Border restrictions**  
- Closure of land and air border on March 17.  
| **SURINAM**  | The government has yet to announce economic measures  
- Emergency loans for SMES.  
- The Central Bank has reduced the interest rate by 100 basis points to 3.50%.  
|              | **Confinement and emergency closures**  
- Nationwide lockdown order.  
|              | **Border restrictions**  
- Total closure of borders on March 14.  

### TRINIDAD AND TOBAGO
- Creation of subsidies for the temporarily unemployed for up to three months.
- The Central Bank has reduced the interest rate by 150 basis points to 3.5%.
- Credit with low interest and extended repayment periods for individuals and small enterprises.
- Subsidies to hotels for renovation projects and improvement of facilities.
- Moratorium on mortgage payments, loan repayments, and other debts.
- Postponement of tax payments.

### URUGUAY
- Increased cash transfers and delivery of food baskets to lower-income families.
- Deferral of up to six social security contribution payments.
- Creation of the Coronavirus Fund financed with state resources and with a reduction of the highest public sector salaries and pensions.
- Creation of lines of credit with flexible conditions and loans to SMES.
- Temporary moratorium on interest and loan payments.
- The Central Bank authorized the commercial banks to extend loan repayments by 180 days.
- Postponement of tax payments.

### VENEZUELA
- Special transfers to informal and private sector workers who have been affected by distancing measures.
- Suspension of commercial and housing rent payments for six months.
- Creation of payroll payment financing plans for businesses.

### Confinement and emergency closures

#### TRINIDAD AND TOBAGO
- Nationwide lockdown order starting on March 29.
- Closure of schools and universities until April 20.
- Closure of bars, restaurants can only deliver to the door and meetings are restricted to 25 people.

#### URUGUAY
- There is no nationwide lockdown order.
- Responsible social distancing: people are encouraged to stay at home, but there are no punitive measures.
- Closure of schools and universities starting on March 16. Some rural schools will reopen on April 22.
- Cancellation of mass events and a call to avoid crowded meetings.

#### VENEZUELA
- Nationwide lockdown order from 17 March to 10 May (extended from 12 April).
- Closure of schools and universities starting on March 16.

### Border restrictions

#### TRINIDAD AND TOBAGO
- Air and maritime borders closed starting on March 17.

#### URUGUAY
- Closure of land and air borders.

#### VENEZUELA
- Closure of land border with Colombia.
- Closure of air border with Colombia and Europe.

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### Table 4: Non-pharmaceutical Interventions (NPIs) to Stop the Epidemic

<table>
<thead>
<tr>
<th></th>
<th>CHINA</th>
<th>SOUTH KOREA</th>
<th>TAIWAN</th>
<th>ITALY</th>
<th>UNITED STATES</th>
<th>UNITED KINGDOM</th>
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</thead>
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<td>National authority to control diseases, central coordination</td>
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<td>Educate the population in personal NPIs</td>
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<td>Monitoring systems (suspicious deaths and diseases)</td>
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<td>Mobile apps to track interactions</td>
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<td>Detection of temperature and state of health in airports, stations, etc</td>
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<td>Broad-scale fever detection (thermal scanners)</td>
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<td>Increased intensive care bed capacity</td>
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<td>Provide supplies (soap, masks, hand sanitizer, etc.)</td>
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<td>Call for volunteers (including medical staff)</td>
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Public Policy to Tackle COVID-19: Recommendations for Latin America and the Caribbean